

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 L-03 AGR-20 SP-03 AID-20 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 H-03 SSO-00 NSCE-00 INRE-00 /151 R

DRAFTED BY EB/ICD/TRP:HFWANNING:MH

APPROVED BY EB/ORF/ICD:JJINGERSOLL

EB/ICD/TRP:TTTURQMAN

EA/PHL:DCCUTHELL/RTWILLNER

L/EB:DBURNS (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

C O N F I D E N T I A L STATE 124978

E.O. 11652: GDS

TAGS: ETRD, EAGR, RD

SUBJECT: SUGAR AND ECONOMIC NEGOTIATIONS

REF: MANILA 6855

1. DEPT HAS NOTED WITH CONCERN SUGGESTIONS IN REFTTEL OF PHIL INTEREST IN BILATERAL NEGOTIATION OF ASSURED ACCESS TO U.S. SUGAR MARKET. AT THIS POINT, WE CANNOT CONCEIVE OF HOW THIS COULD BE DONE IN ABSENCE OF SOME CONTROL OF TOTAL IMPORTS SIMILAR TO THAT PROVIDED BY THE SUGAR ACT. UNLESS TOTAL IMPORTS ARE LIMITED, THERE CAN BE NO COMPULSION ON U.S. PURCHASERS TO BUY FROM ANY PARTICULAR SOURCE. PROVISION ON SUGAR IN LAUREL-LANGLEY DOES NOT OBLIGATE U.S. TO BUY ANY PARTICULAR AMOUNT OF PHIL SUGAR. IN EFFECT, IT SAYS THAT THE U.S. WILL NOT LIMIT PHIL EXPORTS BELOW STATED LEVEL. PRODUCING THAT AMOUNT AND FINDING BUYERS IS UP TO FILIPINOS.

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2. EMBASSY IS AWARE OF CHAIRMAN POAGE'S STRONGLY HELD VIEW THAT BILATERAL ACCESS COMMITMENTS ARE INCOMPATIBLE WITH A QUOTA SYSTEM DETERMINED BY THE CONGRESS. WE HAVE BEEN CONTENT TO LEAVE THE MATTER TO CONGRESS, AND WHILE HOUSE REJECTION OF THE SUGAR BILL CREATES A NEW SITUATION, WE MUST CONSIDER WHAT EFFECT ANY BILATERAL DEAL WOULD HAVE IF LEGISLATION SHOULD BE REVIVED.

3. ANY SPECIAL BILATERAL PROVISION ON SUGAR OR INDEED ANY OTHER COMMODITY, WOULD BE CONTRARY TO GENERAL U.S. POLICIES REGARDING ACCESS TO RAW MATERIALS. EMBASSY SHOULD ALSO NOTE THAT THERE ARE ABOUT 30 OTHER COUNTRIES WHICH BELIEVE THEY ALSO HAVE A SPECIAL RELATIONSHIP WITH THE U.S. ON SUGAR THROUGH THEIR PARTICIPATION IN SUGAR ACT SYSTEM.

4. THERE CONTINUE TO BE TRADE REPORTS INDICATING CONFUSION REGARDING GOP POLICIES ON EXPORT DESTINATIONS AND REFERRING TO GOP AS "TAKING OVER" WAREHOUSE RECEIPTS (QUEDANS) ON SUGAR FOR U.S. MOST RECENTLY, ONE HIGHLY REGARDED INDUSTRY SOURCE HAS SENT TELEGRAM TO AMBASSADOR EBERLE, REPORTING THAT GOP "NATIONALIZING" SUGAR AND COCONUT INDUSTRIES, AND ASKS WHETHER IN THIS SITUATION WE SHOULD UNDERTAKE ECONOMIC NEGOTIATIONS WITH GOP. WHILE THIS MAY WELL REPRESENT EXAGGERATION OR MISUNDERSTANDING OF PHILIPPINE ACTIONS, IT IS ESSENTIAL THAT WE REPLY AND CORRECT ANY MISAPPREHENSIONS ON THIS SUBJECT. THEREFORE, REQUEST IMMEDIATE REPLY INDICATING NATURE OF GOP ACTIONS AND INTENTIONS RE THESE INDUSTRIES, WITH PARTICULAR REFERENCE TO GOP ROLE IN REGULATING OR CONTROLLING THEM. SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, EXPORTS, ECONOMIC CONDITIONS, SUGAR ACT, NEGOTIATIONS, LAUREL-LANGLEY AGREEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE124978
Document Source: CORE
Document Unique ID: 00
Drafter: HFWANNING:MH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740152-0194
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740651/aaaabrjr.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: MANILA 6855
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by worrelsw>; APPROVED <19 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR AND ECONOMIC NEGOTIATIONS
TAGS: ETRD, EAGR, RP, US
To: MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005